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IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1955

No. 766

MILWAUKEE ELECTRIC TOOL CORPORATION,
A Wisconsin Corporation,
Petitioner,

vs.

ALBERT S. JOHANN,
Respondent.

RESPONDENT'S BRIEF ON MOTION TO DENY PETITION FOR A WRIT OF CERTIORARI TO THE SUPREME COURT OF THE STATE OF WISCONSIN

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To the Honorable Earl Warren, Chief Justice of the United States and the Associate Justices of the Supreme Court of the United States:

Your Respondent, Albert S. Johann, respectfully prays that application for Writ of Certiorari to review the judgment of the Supreme Court of the State of Wisconsin, dated October 11, 1955, and which the court refused to modify after a motion for rehearing on December 6, 1955, be denied.

JURISDICTION

It is conceded that if this court is to assume jurisdiction in this case, it must do so by authority of 28 U.S.C., Sec. 1257 (3).

QUESTIONS INVOLVED

1. May the state courts in a second trial refuse to allow an amended answer designed for the purpose of drawing into the issues for the first time Federal questions that had not been proposed at a first trial and on a first appeal?

2. Does it affirmatively appear from the record that a Federal question has been properly drawn into the case?

3. Does it affirmatively appear from the record, not only that a Federal question was presented for decision to the highest state court, but that its decision on the Federal question, if any, was necessary to the determination of the case, and was a Federal question, if any, actually decided?

4. Do the pleadings draw in issue a Federal question; did motions by petitioner in any way present to the highest state court a Federal question?

5. Is there an independent ground, not involving a Federal question, that is broad enough to sustain the judgment and decision of the Wisconsin Supreme Court?

STATEMENT

Many of the basic facts in this case tending to prove the oral contract involved here, and the resultant damages, are not in issue.

There is no infringement involved in this case and until the time of the second trial, there was not even a superficial attempt to draw into this case a Federal question revolving about a claimed infringement.

Plaintiff commenced his action by the usual summons and complaint (Pet. App. 35-36-37) setting forth a cause of action on oral contract.

Defendant answered (Res. App. 1) in November of 1949 showing in effect a general denial. It is significant that this answer shows no defenses, affirmative or otherwise, with respect to infringement or conflict with Federal Statutes, nor does said answer reveal, even by inference, that a defense revolving about a Federal question is in the picture.

At the first trial in the fall of 1952, defendant asked leave and was permitted by the trial court to file its amended answer (Pet. App. 37-38). This amended answer is identical with the original answer, except for a separate defense revolving about local statute of limitations (Pet. App. 38). It is significant, too, that the amended answer contains nothing that draws into the picture a Federal question of any kind.

Plaintiff appealed to the Wisconsin Supreme Court from the trial court's decision directing

a verdict in favor of defendant. (Johann v. Milwaukee Electric Tool Corporation, 1953, 264 Wis. 447, 59 N.W. (2d) 637). Upon this appeal no Federal question was raised by either plaintiff or defendant, and the Wisconsin Supreme Court in this first decision (Pet. App. 16, 17, 18, 19, 20, 21, 22, 23) reversed and remanded the cause for a new trial with the further mandate that the lower court restrict and confine the issues to be retried at the second trial (Pet. App. 23) quoted as follows:

> "Therefore, it is necessary that the cause be remanded for a new trial on the issues of the existence of the verbal contract providing for royalties as alleged by plaintiff, and as to whether the subsequent agreement of October 15, 1942, was intended by the parties as a release of all rights of plaintiff for royalties. If both of these questions at the new trial should be answered in favor of the plaintiff, then plaintiff would be entitled to judgment in the sum of $10,000 as prayed for in its complaint inasmuch as more than 5000 pneumatic tools were marketed by defendant having identification tags attached bearing the patent registration number covering plaintiff's invention."

Defendant moved the Wisconsin Supreme Court for a rehearing (Res. App. 2) in July of 1953, which was denied by said court in September of 1953 (Res. App. 2). It is obvious and again significant that no Federal question was raised on this motion for rehearing.

Certiorari to the Supreme Court of the United States was denied February 8, 1954 (Milwaukee Electric Tool Company v. Johann, 347 U.S. 913, 74 Sup. Ct. 477, 98 L. Ed. 1069).

Upon the retrial of this cause in June of 1954, at the commencement of this second trial defendant moved to amend its complaint for the second time (Pet. App. 38-39-40-41). Here for the very first time defendant attempted to draw into the issues possible Federal questions revolving about infringement, application of Federal statutes and shop rights, and further alleging that the two registration numbers were placed on the tools in issue by "mistake" (Pet. App. 40 (6th defense)).

The lower court denied the motion to amend on the basis: (Pet. Statement - 7).

1. That the trial court must confine the issues in line with the Wisconsin Supreme Court's opinion and decision (on the first appeal) (Pet. App. 23), and

2. Was, after all the intervening years, not timely made (Pet. App. 46).

Upon the verdict of the jury (Pet. App. 43-44), the trial court entered judgment in favor of the plaintiff (Pet. App. 44).

Upon the second appeal the Wisconsin Supreme Court affirmed (Pet. App. 1) and denied motion for rehearing.

Petitioner's Statement of Facts (Pet. Statement 5-6) indicates that said metal tags containing

both registration numbers were erroneously or inadvertently included (Pet. Statement 6). This is in conflict with the testimony of petitioner's President, Mr. Siebert (Pet. App. 27) quoted as follows:

> "The identification tag with the double registration numbers were placed on the tool we sold, not in error, but with intent and design. * * *"

Petitioner's President was warned by its patent attorney, Mr. Lieber, that it was improper to use the tag containing the two registration numbers (Pet. App. 31) quoted as follows:

> "I am sure that I told him he should not use a metal identification tag with two registration numbers. * * * Some time in 1945, as near as I can recollect, I told Mr. Siebert it was wrong and unlawful to use double registration numbers."

The above statement from Petitioner's own patent attorney and witness is in conflict with the testimony of petitioner's President, Mr. Siebert, in his claim that he did not learn that the tag with the two registration numbers was being affixed to the tools in issue until 1948 (Pet. Statement 6).

Petitioner, throughout its Statement of Facts, repeatedly refers erroneously to "oral patent royalty agreement" and specifically refers to the first Wisconsin Supreme Court decision as saying (Pet. Statement 6):

"On appeal the Supreme Court of the State of Wisconsin reversed the judgment of the trial court with directions to grant a new trial on the issues of whether or not there had been an oral patent royalty agreement."

The exact and accurate wording is as follows (Pet. App. 23):

"On the issues of the existence of the verbal contract providing for royalties as alleged by plaintiff."

REASONS FOR DENYING WRIT

Up until the time defendant moved to amend its answer for the second time (denied by the trial court), there had been nothing drawn into the issues here that even superficially referred to a Federal question.

It is the practice in Wisconsin to allow the trial court wide discretion in the matter of allowing amendments to pleadings. The Wisconsin statute in question is (Wis. Stats. 1953) 269.44 - Amendments of processes, pleadings and proceedings: The trial court was not only bound by the Supreme Court of Wisconsin in its first decision (Pet. App. 23) to confine the issues, but under the local rules of Wisconsin, the matter of amendments lies within the sole discretion of the trial court.

One of the earlier cases in Wisconsin interpreting this section is Trustees of St. Clara et al v. Northwestern National Insurance et al, 101 Wis. 464, 77 N.W. Reporter 893. In the

aforecited case the trial court had to consider a set of facts almost identical with our instant set of facts. Upon the eve of a second new trial, the defendant moved to amend its answer on which it had stood for more than three years, during which two trials had been had in the Circuit Court and two hearings upon appeal. The trial court denied the motion to amend.

The Supreme Court of Wisconsin, in rendering its decision on page 894, 77 N.W. Reporter, said as follows:

> "Such tardy applications to amend the pleadings and introduce new causes of action or defenses which have been long known to the moving parties are not regarded with special favor by the courts * * *. When such applications are denied in the exercise of the discretion of the court, the order will not be reversed by the court, unless it appears that there was an abuse of discretion."

Wisconsin and other states in the union have long held that trial courts and appellate courts have the right to restrict and confine the issues at a retrial of a cause.

In the case of Leonard v. Employers Mutual Liability Company, 265 Wis. 464, on page 470, it is stated as follows:

> "The power of the court, trial and appellate, to limit the issues to be tried is generally recognized. It may be done when manifest justice demands it and it is clear that 'the

course can be pursued without confusion, inconvenience, or prejudice to the rights of any party * * *'. 39 Am. Jur., New Trial, Page 45, Sec. 21."

Upon this second trial, substantially the same testimony and evidence was adduced in behalf of plaintiff in the two issues submitted to the jury in the special verdict on the second trial as at the first trial (Pet. App. 3).

Because of the decision of the Wisconsin Supreme Court confining the issues as the result of the first appeal and the refusal of the trial court to allow a second amendment to defendant's answer, the record is again barren of any evidence or proof with respect to a Federal question. The numerous and voluminous offers of proof in the record in this case were entirely voluntary on the part of defendant's counsel and not due to any requirement of the trial court. The trial court merely pursued the proper practice of insisting that offers of proof which contained matter which the court had ruled were inadmissible, be made in the absence of the jury (Pet. App. 15).

In refusing to allow the second amended answer that attempted at this late date to raise certain Federal questions (Pet. App. 38), were the state courts merely settling a question of local practice beyond the powers of the United States Supreme Court to review? This court has long held that it will not review a question of local practice, and this court's attention is respectfully invited to the case of Yazoo and

Mississippi Valley Railroad Company v. Wirt Adams, 45 L. Ed. 395, on page 402:

> "The Supreme Court, in deciding that it would not reopen the question involved upon the first hearing, to let in the Federal defense presented by the new pleas, merely settled a question of practice which we cannot review.
>
> "By another process of reasoning, we are led to the same conclusion. No leave was applied for or granted to file these additional pleas after the issues had been made up, as seems to be required by the practice in Mississippi, * * * and even if leave had been asked to file them, it was a matter of discretion with the trial court to permit it, and a matter of state practice which cannot be inquired into here. Stevens v. Nichols, 157 U.S. 370, sub. nom. Carr v. Nichols, 39 L. Ed. 736, 15 Sup. Ct. Rep. 640; * * * We are therefore of opinion that the Federal question was ' specially set up and claimed' too late to be of any avail to the plaintiffs in error."

Very frequently the disappointed litigant attempts to grasp at the proverbial "straw" in the last ditch appeal to the Supreme Court of the United States. This court has in the past laid down the familiar rule that it may afford no relief unless some direct and impelling Federal question is before it, and in the following case laid down the emphatic rule:

Chicago, Indianapolis and Louisville Railroad Company, plaintiff in error, v. Patrick Mc Guire, et al, 49 L. Ed. 413, on page 417:

"The true and rational rule stated by this court in Bridge Proprietors v. Hoboken Land & Improv. Co., 1 Wall, 116-145, 17 L. Ed. 571-576, is clearly applicable: 'That the court must be able to see clearly from the whole record that a certain provision of the Constitution or act of Congress was relied on by the party who brings the writ of error, and that the right thus claimed by him was denied.' This case is the not infrequent one of an attempt to clutch at the jurisdiction of this court as an after-thought, when all other resources of litigation have been exhausted.

"The Federal question, if any such existed - as to which we expressed no opinion - was not set up or claimed at the proper time, and the writ of error must therefore be dismissed."

This court may take no jurisdiction, in reviewing a decision of a court of a state unless it affirmatively appears from the record that a federal question has been created. This general rule is sound and well founded and is formally stated in Supreme Court Revised Rules, 1954, page 17, part V, Rule 19.

"A review on writ of certiorari is not a matter of right but of sound jurisdictional discretion and will be granted only where there are special and important reasons therefor."

This court then turns to the record to determine whether its discretion in granting the petition should be invoked. How shall this court be guided in its search to determine whether the writ should be granted. Does this record reveal "special and important" reasons? Does this record reveal a statutory question substantial in character and properly raised below:

> "The mere assertion that the case is one involving the construction or application of the constitution, and in which the construction of federal laws is drawn in question, does not, however, authorize this court to entertain the appeal; and it is our duty to decline jurisdiction if the record does not present such a constitutional or statutory question substantial in character and properly raised below." Corrigan vs. Buckley, 271 U.S. Rep. 323 (Page 329).

> "Before we may undertake to review a decision of the court of the state, it must appear affirmatively from the record not only that the federal question was presented for decision to the highest court of the state having jurisdiction, but that its decision of the federal question was necessary to the determination of the cause * * * that determination must rest upon an examination of the record."

> "It is not enough that the record shows that the plaintiff in error contended and claimed that the judgment of the court impaired the obligation of the contract and

> violated the provisions of the constitution of the United States, and that this claim was over- ruled by the court; but it must appear, by clear and necessary intendment, that the question must have been raised, and must have been decided, in order to induce the judgment." Honeyman vs. Hanan, 300 U.S. Rep. 14 (Pages 18, 19 & 20).

The court may first examine the pleadings. Respondent's complaint shows a simple contract action for money due and owing. (Pet. App. 35-36-37)

The answer of petitioner shows general and some specific denials with a few routine admissions (R. App. 1).

After the plaintiff had rested its case, the trial court permitted petitioner to amend its answer (Pet. App. 37-38).

The pleadings reveal not one scintilla directly or by generous implication pertaining to a federal question. If a federal question or issue were contemplated by petitioner, here was the opportunity, in the amended answer, to draw in it such federal question.

At the conclusion of respondent's case, petitioner moved for a non-suit upon the grounds (R. App. 3):

> (a) That it was undisputed in the record that no Johann tools were ever manufactured and sold;
>
> (b) Respondent was relying for recovery upon the theory that the affixing of name

> plates showing the number of the Johann patent constituted the Lieber-Beckwith tool a Johann tool, and that in order to reach such conclusion, it was necessary for the plaintiff to establish an estoppel on the part of the defendant which would prevent the defendant from asserting the fact that it would not manufacture and sell Johann tools.

No federal question of any kind is raised here for decision.

The Wisconsin Supreme Court in its decision (Pet. App. 1 and 16) mentions the word infringement but only as refering to possible reasons for petitioner's non-liability on the contract. The Wisconsin Supreme Court did not dwell on infringement because this thought was not an issue, having never been drawn into the case on the basis of any federal issue. The Wisconsin Supreme Court in its decision makes no mention of and relies upon no federal statute or federal issue because none was contemplated and none was presented. The only cases presented to the Supreme Court in briefs, by both parties, were cases that revolved about the applicable law that resulted from the use of the double patent marking by petitioner.

On motion for rehearing in the Wisconsin Supreme Court the petitioner is again conspicuous for its lack of presenting a federal statute or a federal question.

Petitioner makes utterances, that the record fails to substantiate; this court in its minute search of the record will find nothing that should

even stir its discretional authority. The decision of this court in 343 U.S. Rep. 250, Beauharnais vs. Illinois covers the stated situation:

> "Neither by proffered evidence, request for instructions, nor motions before or after verdict, did the defendant seek to justify his utterance nor has the defendant urged as a ground for reversing his conviction in this court that his opportunity to make those defenses was denied below."

The mere assertion by plaintiff that a federal question is present does not ipso facto make it so.

> "The mere assertion that the case is one involving the construction and application of the constitution, and in which the construction of federal laws is drawn in question, does not, however, authorize this court to entertain its appeal." 271 U.S. Rep. 323 (Page 329) Corrigan vs. Buckley.

Mere mention of the word infringement in this record, in a nebulous isolated capacity, is not sufficient to set in motion this court's discretionary powers. The record must show something substantial in the way of a federal question. Respondent again invites the court's attention to Corrigan vs. Buckley, 271 U.S. Rep. 323 (Page 329), "substantial in character and properly raised below".

The record must, but in this case does not affirmatively, disclose that the validity of a federal statute or a federal issue was drawn

into this case for decision. In the Live Oak vs. Railroad Commission Case, 269 U.S. Rep. 354, (Page 356) the court uses firm language:

> "Considering the circumstances here disclosed by the record, we have no jurisdiction unless it affirmatively appears that in the court below there was duly drawn in question the validity of the statute of or an authority exercised under the state court of repugnance to the constitution, treaties or laws of the United States."

Federal courts have gone further and stated emphatically that not only must there be an affirmative showing in the record but that a decision of a federal question was necessary to its determination and that it must have been properly brought in.

> "We have repeatedly held that it is essential to the jurisdiction of this court in reviewing a decision of a court of a state that it must appear affirmatively from the record, not only that a federal question was presented for decision to the highest court of a state having jurisdiction, but that its decision of the federal question was necessary to the determination of the cause; that the federal question was actually decided or that the judgment as rendered could not have been given without deciding it." Southwestern Bell vs. Oklahoma, 303 U.S. Rep. 206 (Page 212-13).

> "It is a well established principle that before the Supreme Court will review a decision

of a state court, it must affirmatively appear from the record that the federal question was presented to the highest court of the state having jurisdiction, and that its decision of the federal question was necessary to its determination of the cause." United States vs. Commonwealth of Pennsylvania, 89 Fed. Supp. 636 (Page 639). (See also Corrigan vs. Buckley, 271 U.S. Rep. 323 (Page 329).

This record here is bare not only as to an affirmative showing, but as to necessity of a federal question, if any, to its decision. This record discloses absolutely nothing that refers to a federal question.

"The record does not disclose what, if any federal questions were presented to the State Supreme Court." Northwestern Bell vs. Nebraska, 297 U.S. Rep. 471 (Page 473).

The petitioner may not now contend that somewhere in the record lies concealed a federal question. If it were conceded for argument's sake that somewhere in the record there lies buried and concealed a lifeless federal question, this concession were it so, gives neither petitioner nor the court authority to breathe life into it. The issue must be substantial. This court should not be required, and will not allow itself, to fumble blindly for a hazy federal question, if any.

"The benefits of hypothetical defenses, never raised below or pressed upon us, are not to be invoked in the abstract." Beauharnais vs. Illinois, 343 U.S. Rep. 250 (Page 264-265).

Respondent respectfully submits that this court in a previous decision used a good genuine choice of words that now, as then, clearly and effectively prescribe the basic rule.

> "It is not enough that there may be somewhere hidden in the record a question which, if it had been raised, would have been of a federal nature." Mellon vs. O'Neil, 275 U.S. Rep. 212 (Page 215).
>
> (See also Corrigan vs. Buckley, 271 U.S. Rep. 323 (Page 329).

Counsel for respondent has reviewed the cases cited by petitioner with care and takes no issue with their import under a proper record that revealed their connection with the instant case.

McGregor vs. Westinghouse, 329 U.S. 402; Sola Electric vs. Jefferson Electric, 317 U.S. 173; Scott Paper Co. vs. Marcalus Mfg. Co., 326 U.S. 249; Katzinger vs. Chicago Metallic Mfg. Co., 329 U.S. 394; Kenyon vs. Automatic Instrument, 186 Fed. 2d 752; United States vs. General Instrument Corp. 115 F. Supp. 582.

The afore cited cases revolve about fact situations that bring up directly and put into issue the matter of patent infringement or the validity or invalidity of a patent. It is to be noted in all of these cases the federal issues are raised directly by the pleadings or by other tactical and legal procedure. In all of these cases federal questions of substance were forthrightly brought to the attention of the court for decision. In these cases the matter of patent

infringement or of the validity or invalidity of a patent was either raised by complaint or by answer. It is respectfully submitted that the record with respect to complaint (Pet. App. 35) answer (R. App. 1) and amended answer (Pet. App. 35) lack the issue of patent infringement validity or nonvalidity of a patent or of any federal question.

This court has on many occasions held that a state court could entertain a suit on a contract that related to or arose from a patent. The following citation by this court states its position effectively and forcefully:

> "The rule is well settled that if the suit be brought to enforce or set aside a contract, though such contract be connected with a patent, it is not a suit under the patent laws * * *." Excelsior Wooden Pipe Co. vs. Pacific Bridge Co., 185 U.S. 282, 46 Law Ed. 9-10.

It is obvious from a reading of respondent's complaint (Pet. App. 37-38) that this is a simple contract action arising from the assignment of an article to petitioner that was later patented. No infringement suit was contemplated and, of course, the complaint reveals nothing by the way of infringement. However, petitioner was not barred in the lower court by setting up in his answer (R. App. 1) and his amended answer (Pet. App. 35) the invalidity, if any, of the patent. It is obvious that this the petitioner failed to do and the state court, therefore, had no federal question to decide.

This court has again met this question as follows:

> "There is a clear distinction between a case and a question arising under the patent laws. The former arises when the plaintiff in his opening pleading - be it a bill, complaint, or declaration - sets up a right under the patent laws as ground for a recovery. Of such the state courts have no jurisdiction, the latter may appear in the plea or answer * * *. The determination of such question is not beyond the competency of the state tribunals." Henry Pratt vs. Paris Gas Light & Coke Co., 168 U.S. 255, 42 Law Ed. 458.

> "It is a general rule that a suit by a patentee for royalties under a license or assignment granted by him, or for any remedy in respect of a contract permitting use of the patent is not a suit under the patent laws of the United States and cannot be maintained in a federal court as such." Luckett vs. Delpark, 270 U.S. 496, 70 Law Ed. 703.

The record indicates that ours is no infringement case and the rare use of the word "infringement" does not make it so. It was obviously not the intention of either party that that be the issue at the trial or on appeal. At no time was that issue, if any, brought to the attention of the lower state court or the highest state court. Petitioner was represented by skilled and competent counsel. If a federal issue about the validity of a patent were in petitioner's mind, that issue would have been directly stated (R.App. 1).

in the answer, and failing that would have been stated in the amended answer (Pet. App. 37-38) three years later. (It is to be noted that the amended answer was served and filed during the trial prior to presentation to the court of petitioner's defense).

Assuming that there is a federal question here, this court may inquire as to whether there is independent ground, not involving a federal question, that is broad enough to sustain the judgment of the Wisconsin Supreme Court. Respondent respectfully submits that from the facts as presented - the intentional use of the two registration numbers (Pet. App. 27) and the refusal for three years by petitioner to discontinue using both numbers when advised to do so by his patent counsel, Mr. Lieber (R. App. 4) (Petitioner's excuse was that it could not obtain metal to make up new tags) gave the state court sufficiently broad grounds to sustain its decision. This court has stated the applicable rule many times. The language of the following citation is particularly appropriate:

> "It is well settled that where the Supreme Court of a state decides a federal question in rendering judgment and also decides against the plaintiff in error upon an independent ground not involving a federal question and broad enough to maintain the judgment, the writ of error will be dismissed without considering the federal question." Browne vs. Union Pacific, 267 U.S. 255 (Pages 258-259).

(See also United States vs. Burke, 90 Fed. Supple 868-871).

The State Supreme Court was asked by petitioner on the first appeal to resolve the following questions only:

(a) Did plaintiff and defendant enter into an oral royalty agreement?

(b) Did the defendant (petitioner here) manufacture and sell any tools which were covered by the invention of the plaintiff (respondent here)?

(c) Was there a written agreement between the parties which constituted an accord of satisfaction?

The State Supreme Court not being asked to decide a federal question accordingly made no decision thereon. The state court decided amongst other things that where a manufacturer deliberately and with intent uses two registration numbers on his article, one number of which describes, identifies and relates to plaintiff's tool, said manufacturer is estopped thereby to deny that the tools bearing such number did not embrace plaintiff's invention (Pet. App. 1 and 16).

The State Supreme Court in arriving at its estoppel decision used as persuasive authority federal cases. This court (United States Supreme Court) has through the years quoted these cases with approval and Wisconsin has now chosen to adopt this law.

The estoppel as decided by Wisconsin Supreme Court is not on the basis of the invalidity of a

patent but on the basis only of the double marking.

The Supreme Court of Wisconsin has used and cited with approval the following federal cases that relate to double marking, it being undisputed that the Johann patent (Pet. App.25) was in full force and effect during the crucial time period from August of 1945 through December 31, of 1948 (Pet. App. 27)

Singer Manufacturing Company vs. June Manufacturing Company, 163 U.S. 169.

> "Singer's patent on sewing machines had expired - defendant manufactured a sewing machine and on the name-plate attached to its product stamped 'Improved Singer' - plaintiff Singer brings suit to enjoin the defendant from in any way using the word 'Singer' to identify its product."
>
> "Page 183. We conclude that the word 'Singer' was also voluntarily applied by the Singer firm or companies as a designation of the general type of machines made by them with the intention that such machines should be accepted by the public under that name;"
>
> "Page 187. But although we may thus use his name he cannot resort to any artifice or do any act calculated to mislead the public * * *."
>
> "Page 189. Neither has he the right to use any device which may be properly considered a trade mark so as to induce the public to believe that his machine has been

manufactured by plaintiff * * *."

Jones vs. Van Kirk, et al. (C.C.Pa. 1865) 13 Fed. Cas. 1039, Case No. 7500.

The only possible answer to the use of the nameplate bearing the double registration numbers is that the licenses were erroneous. However, this the plaintiff is estopped to do.

The defendant stamped certain articles "E.F. Jonas, patent, May 4, 1858" and, subsequently, in an action for royalties due under a license agreement, contended that the articles did not come under the patent. The Court over-ruled this contention saying on page 1040:

> "They thus publicly acknowledged on every lamp sold by them, that it was under Jones' patent."

A similar holding is found in Horlick's Food Co. vs. Elgin Milkine Co. et al. (C.C.A. 7, 1903) 120 Fed. 264.

In that case the plaintiff stamped its commercial packages to Horlick's Malted Milk with the words "Patented June 5, 1883". After the expiration of the patent, a competitor began using the phrase "malted milk" in describing a granulated milk food product, calling it "Meadows Malted Milk". Horlick claimed that this was unfair competition and a violation of its trade-mark rights. The defendant responded stating that the trade-mark rights had been lost with the expiration of the patent. The court held that Horlick was estopped to deny that the product was manufactured under plaintiff's patent, stating, page 266:

"It matters not in our judgment that the patent may not in fact have been valid; nor that the product * * * could not in fact have been covered by the description of the patent. The point is that appellant chose to mark its product as if it were a monopoly thereby obtaining measurably at least the benefit of a monopoly and gave to it a name * * *. The case is thus brought in our judgment within the principle if not the exact facts of the Singer-June case and must be ruled accordingly."

Another case estopping a party from contending that his marking was erroneous is the case of Collis Co. vs. Consolidated Machine Tool Corporation of America (C.C.A. 8, 1930) 41 F. (2d) 641, Certiary Denied. 282 U.S. 886.

Similar authorities include Sproull vs. Pratt & Whitney Co., 97 Fed. 807, 809.

I. "A license to manufacture and sell articles under a number of patents owned by the licensor during the unexpired term thereof * * * where the articles related to the same art, and were ordinarily used cojointly, is an entire agreement for a single license and binds the licensee to pay the royalty stipulated on all the articles manufactured and sold during the time any one of such patents remains in force."

II. "A licensee who agreed to manufacture an article under a certain patent who stamped the article with the date of such patent * * * is estopped to set up as a defense to a claim

for further royalties that the article as made was not covered by the patent."

A similar authority is Andrews vs. Landers, et al, 72 Fed. 666.

Said the court on page 670, "As to the so called 'Andrews faucets' I hold as a matter of law that defendant having stamped said faucets with the Andrews patent * * * is estopped to deny that they do not contain the patent improvement of Andrews."

The mere fact that the state court used federal decisions as persuasive authority does not, ipso facto, make of this transaction a federal question.

On page 3 of petitioner's application for a writ, there is cited 35 U.S.C. 287; this section deals with the giving of notice to the public by the affixing of a patent number to the particular object. Respondent fails to see the materiality of this section to our transaction. The pertinent part of this act reads:

"Patentees and persons making or selling any particular article for or under them may give notice to the public * * *."

There is nothing mandatory about this section as to notice. It plainly uses the word "may". Petitioner was in no way compelled to use either or both of the particular numbers involved; it chose to do so at its peril.

Page 3 of the petition cites also 35 U.S.C. 292. This is better known a s the false marking

statute. There is no question here of false marking at all. Petitioner had title to the patent covering the Johann article (Pet. App. 25). It had an undisputed right to use the Johann Patent Number 2260264 (Pet. App. 25) but when it did, in the way that it did, petitioner was holding out to the public that he was selling the Johann tool. Yet on Page 10 of petition, petitioner asserts that the Supreme Court of Wisconsin interprets these two sections. Respondent has searched the entire record, including opinion and decision of the Wisconsin Supreme Court and finds nothing that even remotely bears on the matter of deciding or interpreting a federal question directly or inferentially.

On petitioner's former request for certiorari to this court (347 U.S. 913), it relied then, as now, on substantially the same authority and argument that it now again urges upon this court, and petitioner's request for a writ in the October Term, 1953, Case No. 512, is for comparison purposes set forth and reprinted verbatim in respondent's appendix, page 7).

It is petitioner's burden to directly and affirmatively show that a clear Federal question is involved. Supreme Court Rule 23-1 (f) covers with clarity the requirements. It is respectfully submitted by respondent that petitioner has failed to meet even superficially the required burden.

The respondent moves that the petition for a writ of certiorari be denied.

Respectfully submitted,
EDWARD S. GRODIN
Attorney for Respondent.

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RESPONDENT'S
APPENDIX

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Source: Transcript of Record, Supreme Court of the United States, October Term, 1953, No. 512, page 3. Milwaukee Electric Tool Corporation v. Albert S. Johann.

IN CIRCUIT COURT OF MILWAUKEE COUNTY

ANSWER - Filed November 2, 1949

Now comes the above named defendant by its attorney, Milton C. Litow, and in answering the complaint of the plaintiff, admits, denies and alleges to the Court as follows:

1. Admits Paragraph 1 of plaintiff's complaint.

2. Admits Paragraph 2 of plaintiff's complaint.

3. Specifically denies that in or about the month of October, 1940 defendant for a valuable consideration entered into an oral contract with the plaintiff to pay the plaintiff a royalty of Two ($2.00) Dollars for every unit manufactured and sold of a certain tool known as the Johann tool and further denies that any contract was entered into between plaintiff and defendant calling for the payment of Two ($2.00) Dollars to the defendant for each tool manufactured until the total sum of said payment reached Ten Thousand ($10,000.00) Dollars. That in this connection defendant alleges that conversations were held but no oral or written agreement was ever entered into or consummated between the plaintiff and defendant.

4. Defendant specifically denies that it manufactured and sold Six Thousand Nine Hundred Twenty-five (6,925) units of the so-called Johann tool. Defendant further alleges that only one (1) Johann tool was ever manufactured and such tool was in fact never sold.

5. Defendant further alleges that on April 15, 1943 plaintiff was paid Two Thousand ($2,000.00) Dollars in full settlement for all special services rendered to and work performed for the defendant corporation.

6. Defendant further alleges that the only fender hammer manufactured and sold by the defendant corporation was under the patent known and designated as the Beckwith-Lieber patent.

Wherefore defendant prays that plaintiff's complaint be dismissed and that judgment be entered for the defendant together with the costs and disbursements of this action and for any further relief that the Court may deem just and equitable.

Milton C. Litow, Attorney for Defendant.

Source: Transcript of Record, Supreme Court of the United States, October Term, 1953, No. 512, page 24. Milwaukee Electric Tool Corporation v. Albert S. Johann.

IN SUPREME COURT OF WISCONSIN

MOTION FOR REHEARING-Filed July 22, 1953

Now comes the Defendant and Respondent, and hereby moves for a rehearing in the above entitled action, pursuant to Rule 37, (Section

251.37, Wisconsin Statutes) of the Rules of the Supreme Court of the State of Wisconsin.

Dated this 20th day of July, 1953.

Dougherty, Arnold & Waters,
Attorneys for Defendant and Respondent.

Source: Transcript of Record, Supreme Court of the United States, October Term, 1953, No. 512, page 25. Milwaukee Electric Tool Corporation v. Albert S. Johann.

IN SUPREME COURT OF WISCONSIN

ORDER DENYING MOTION FOR REHEARING - September 11, 1953

The Court being now sufficiently advised of and concerning the motion of the said respondent for a rehearing in this cause, it is now here ordered that said motion be, and the same is hereby, denied with $25.00 costs.

Source: Transcript of Record, Supreme Court of the United States, October Term, 1953, No. 512, page 8. Milwaukee Electric Tool Corporation v. Albert S. Johann.

At the conclusion of the plaintiff s case counsel for the defendant moved for a nonsuit upon the ground that it was undisputed in the record that no Johann tools were ever manufactured and sold and upon the further ground that counsel was relying for recovery upon the theory that the affixing of name plates showing the number of the Johann patent constituted the Lieber-

Beckwith tool a Johann tool and that in order to reach such conclusion it was necessary for the plaintiff to establish an estoppel on the part of the defendant which would prevent the defendant from asserting the fact that it did not manufacture and sell Johann tools. The motion for the nonsuit was overruled by the trial court.

Source: Transcript of Record, Supreme Court of the United States, October Term, 1953, No. 512, page 11. Milwaukee Electric Tool Corporation v. Albert S. Johann.

On cross-examination by Mr. Grodin, Mr. Lieber testified as follows in narrative form:

> I do not recall the exact date that I learned that a metal indentification tag with two registration numbers were being placed on the tools manufactured by the defendant company. It was much later than the issuance of the Beckwith-Lieber patent. It might have been in 1945. I do not have any recollection as to the year. When I learned of the use of the identification tag with both numbers it seems to me I had a discussion with Mr. Siebert. I think the discussion revolved about the fact that the defendant was putting the Johann patent number on the tools when it should not have been there. I think I told him that it should not have been there. It might have been in 1945. I am sure that I told him he should not use a metal identification tag with two registration numbers. The first time I ever saw the tag was after the Walray suit had been

started. Some time in 1945, as near as I can recollect, I told Mr. Siebert it was wrong and unlawful to use double registration numbers. As I remember it he told me they could not obtain metal to make up new tags and for that reason had been using these tags and putting them on the hammer. I told him it was improper to use them on any further hammer after that.

In The

SUPREME COURT OF THE UNITED STATES

October Term, 1953.

No. 512

MILWAUKEE ELECTRIC TOOL CORPORATION,
A Wisconsin Corporation,

Petitioner,

vs.

ALBERT S. JOHANN,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE SUPREME COURT OF THE STATE OF WISCONSIN

SUEL O. ARNOLD,
Counsel for Petitioner,
Empire Building,
Milwaukee 3, Wisconsin.

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In The

SUPREME COURT OF THE UNITED STATES

October Term, 1953.

No. 512

MILWAUKEE ELECTRIC TOOL CORPORATION,
A Wisconsin Corporation,

Petitioner,

vs.

ALBERT S. JOHANN,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE SUPREME COURT OF THE STATE OF WISCONSIN

To The Honorable Earl Warren, Chief Justice of the United States and the Associate Justices of the Supreme Court of the United States:

Your Petitioner, Milwaukee Electric Tool Corporation, respectfully prays that a Writ of Certiorari issue to review the judgment of the Supreme Court of the State of Wisconsin, dated July 3, 1953, and which the court refused to modify after a motion for rehearing on September 11, 1953.

JURISDICTION

The jurisdiction of this court is invoked under 28 U.S.C. Section 1257 (3).

On December 8, 1953 the Honorable Sherman Minton, Associate Justice of the Supreme Court of the United States, upon application, entered an order extending the time for filing a petition for Writ of Certiorari until December 31, 1953.

OPINIONS BELOW

The opinion of the trial court granting the motion of the petitioner, Milwaukee Electric Tool Corporation, for a directed verdict is not reported but appears in the transcript of the record at pages 13 - 15.

The opinion of the Supreme Court of the State of Wisconsin is reported in 264 Wis. 447, 59 N.W. 2d 637.

QUESTION PRESENTED

1. Whether in an action brought against a person to recover royalties under an assigned patent, such person is estopped to assert that a tool which he manufactures and sells under a patent owned by him merely by attaching a patent notice to such tool, which lists the patent owned by such person, and also the patent number of the patent assigned, where no claim of the assigned patent reads on such tool, and where such assigned patent infringes an earlier patent.

STATUTES INVOLVED

35 U.S.C. Section 287 as created by the act of July 19, 1952, reads in part as follows:

> Patentees, and persons making or selling any patented article for or under them, may give notice to the public that the same is patented, either by fixing thereon the word "patent" or the abbreviation "pat.", together with the number of the patent.

The former statute 35 U.S.C. Section 49 contains substantially the same provisions relating to marking.

35 U.S.C. Section 292 as created by the Act of July 19, 1952 provides for certain penalties for falsely marking unpatented articles. A similar provision was contained in the predecessor Statute 49 U.S.C. 60.

STATEMENT

There are no controverted issues of fact in this case. Albert Johann on May 27, 1949 (T.R. 1) brought an action against the Milwaukee Electric Tool Corporation to recover patent royalties under an agreement alleged to have been entered into in 1940. (T. R. 2.) Johann had invented a pneumatic hammer for straightening out dents in automobile bodies. (T.R. 18.) The invention was assigned to Milwaukee Electric Tool Corporation which applied for United States Letters Patent, and Patent No. 2260624 was issued in October, 1941, for the Johann tool. (T.R. 18.) The patent infringed

the earlier Stull patent. (T.R.10, 18).

Thereafter in 1942 the Milwaukee Electric Tool Corporation obtained the Beckwith-Lieber Patent No. 2282111. (T.R. 18.) The Johann patent contained no claims which read upon the Beckwith-Lieber patent. (T.R.11.)

In 1941 or 1942 the Milwaukee Electric Tool Corporation commenced manufacturing pneumatic hammers under the Beckwith-Lieber patent. (T.R. 6.) To the Beckwith-Lieber tools were attached labels bearing the legend "Patent Applied For". (T.R.23.)

After the war and from 1945 to 1948 the Milwaukee Electric Tool Corporation manufactured and sold more than 6,000 Beckwith-Lieber tools to which were affixed labels bearing both the number of the Johann patent and the number of the Beckwith-Lieber patent. (T.R.23.)

Mr. Siebert, the President of the Milwaukee Electric Tool Corporation testified at a discovery examination that both numbers were intentionally placed upon Beckwith-Lieber tools. (T.R. 7, 23, 24.) He testified at the trial, however, that he had no actual knowledge of both numbers being placed on the tools until he was questioned as a witness in a discovery examination in 1948 in connection with a patent infringement suit pending in the District Court of the United States for the Northern District of Illinois. (T.R.12, 23.) He then discontinued placing the Johann patent number on the Beckwith-Lieber tools. (T. R. 23.)

The case was tried to a court and a jury and at the conclusion of the trial the court directed a verdict for the defendant. (T. R. 15.) Upon Johann's appeal to the Supreme Court the judgment of the trial court was reversed and the cause was remanded for a new trial. (T.R. 24.) In its decision the Supreme Court, after stating that it was undisputed no Johann hammers had been manufactured and sold by Milwaukee Electric Tool Corporation, held that the company was estopped from asserting such fact because it had placed the number of the Johann invention on the Beckwith-Lieber tool.

SPECIFICATION OF ERRORS TO BE URGED .

The Supreme Court of the State of Wisconsin erred:

1. In holding that the Milwaukee Electric Tool Corporation was estopped to deny that it had not manufactured and sold Johann hammers because it had placed the number of the Johann patent on the Beckwith-Lieber tools which were covered by the claims in that patent, although it was undisputed that no Johann hammers had ever been manufactured and sold by the Milwaukee Electric Tool Corporation, that none of the claims of the Johann patent read upon the Beckwith-Lieber patent, and that the Johann patent infringed an earlier patent.

REASONS RELIED UPON FOR GRANTING THE WRIT

1. The Supreme Court of the State of Wisconsin decided a Federal question of substance

not heretofore determined by this Court, and decided such Federal question in a way probably not in accord with the applicable decisions of this Court.

The decision of the Supreme Court of the State of Wisconsin interprets 35 U.S.C. Section 287 which requires patented articles to be marked as such in order to give notice to the public that the article is patented. The decision also incidentally involves 35 U.S.C. 292, the False Marking Statute.

The decision of the Wisconsin Supreme Court also involves an estoppel arising out of an alleged patent royalty agreement. Such questions are Federal questions which are not governed by state estoppel rules. Macgregor v. Westinghouse Electric & Mfg. Co., 329 U.S. 402, 407; Sola Electric Co. v. Jefferson Electric Co., 317 U.S. 176, 177; Scott Paper Co. v. Marcalus Mfg. Co., 336 U.S. 249, 257.

We have been unable to find any case in this Court holding that no estoppel may be applied to prevent a manufacturer from asserting that an article is not covered by a patent simply because it bears such patent license number. The present cases in this Court, however, indicate that no such estoppel arises.

In Macgregor v. Westinghouse Electric & Mfg. Co., 329 U.S. 402, 407, which was a Writ of Certiorari to the Supreme Court of the State of Pennsylvania, this Court held that a patent licensee who was sued for royalties was not estopped to challenge the validity of the patent. The rule was applied in the decision

handed down on the same day in Katzinger v. Chicago Metallic Mfg. Co., 329 U.S. 394, 400.

The rule in these cases had its genesis in Scott Paper Co. v. Marcalus Mfg. Co., 326 U. S. 249, 256-257. In summarizing the decision in that case the court in Katzinger v. Chicago Metallic Mfg. Co., 329 U.S. 394, 400 said:

> "* * * it was (there) held that even an assignor who had sold a patent issued to itself was free to challenge the validity of the patent and thereby defeat an action for infringement by showing that the invention had been described in an expired patent."

A succinct statement of the rule was made by Judge Forman of the District Court of the United States for the District of New Jersey in United States v. General Instrument Corp., 115 F. Supp. 582 (Adv. Op.) at page 590, as follows:

> "The Supreme Court has held that a licensee may challenge the validity of a patent which he has been licensed to use, and that he is neither estopped from contesting the patent by acceptance of the license, MacGregor v. Westinghouse Co., 1949, 329 U.S. 402, 67 S. Ct. 421, 91 L. Ed. 380; Sola Electric Co. v. Jefferson Co., 1942, 317 U.S. 173, 63 S. Ct. 172, 87 L. Ed. 165, nor barred by his own covenant not to contest the patent, Katzinger Co. v. Chicago Mfg. Co., 1947, 329 U.S. 394, 67 S. Ct. 416, 91 L. Ed. 374. In all of the above cases the licenses contained price

fixing provisions, but the case of Scott Paper Co. v. Marcalus Co. (1945), 326 U.S. 249, 66 S. Ct. 101, 90 L. Ed. 47, indicates that this factor was not the gravamen of those decisions. There, where no such provision was involved, the Court held that the assignor of a patent was not estopped from contesting the validity of the assigned patent in a suit on it brought against him by his assignee."

In the case at bar the complaint alleged that the oral royalty agreement was entered into in the fall of 1940. (T.R. 2.) No patent was issued for the invention assigned by Johann to Milwaukee Electric Tool Corporation until October 28, 1941. (T.R. 18.) The Milwaukee Electric Tool Corporation did not place the patent number of the Johann tool on its patented Beckwith tool until 1945. (T. R. 6-7, 13.) The defendant stopped putting on the Johann number in 1948 when the officers first learned that the Johann patent number had been placed on the Beckwith-Lieber tool. (T. R. 12-13.) It conceded that the Johann patent infringed the earlier Stull patent. (T.R. 10, 18). In these circumstances no estoppel can be urged under the decisions of this Court.

2. The Supreme Court of the State of Wisconsin decided a Federal question of substance not heretofore determined by this Court in a way not in accord with the applicable decisions of the Federal Circuit Court of Appeals.

In Kenyon v. Automatic Instrument Co., 186 Fed. 2d 752, 755 C.C.A. 6, a patent notice recited that the device was manufactured under

one or more of fourteen patents, the numbers of which were listed. It was contended that by such patent notice the defendant was estopped to deny that the device was not manufactured under one of the patents listed. The court held (p. 756) that no estoppel could be asserted upon the ground, among others, that during the period from 1933 to 1941 no claim was made for any royalties because of the patent notice.

In the case at bar the oral agreement was alleged to have been entered into in 1940. (T.R. 2.) The patent notice was not issued until 1945. (T.R. 23.) The plaintiff's action was not brought until May 27, 1949. (T. R. 6-7, 13.) Under the decision in Kenyon v. Automatic Instrument Co., 186 Fed. 2d 752, 755 C.C.A.6, the Milwaukee Electric Tool Corporation is not estopped to deny that it manufactured any Johann tools.

3. The judgment of the Supreme Court of the State of Wisconsin is a final judgment.

The Supreme Court of Wisconsin by its mandate reversed the judgment of the trial court and remanded the case for a new trial. Such remand did not affect that part of the decision relating to the estoppel. The facts respecting estoppel are undisputed and will be the same at a new trial. Under the law of the State of Wisconsin the decision of the Supreme Court on the question of estoppel will be the law of the case on a subsequent trial. Lang v. C. & N. W. R. Co., 258 Wis. 610, 612; Nelson v. Madison Lutheran Hospital & Sanitarium,

243 Wis. 97, 104; Georgeson v. Nielson, 218 Wis. 180, 182. In the ordinary case where the judgment of the trial court is reversed and a new trial is ordered a decision of the appellate court is not a final determination. In the case at bar the decision respecting estoppel is a final judgment and will be the law of the case at a new trial in the Circuit Court for Milwaukee County. The judgment therefore is a final judgment for the purpose of a petition for Writ of Certiorari.

Respectfully submitted,

SUEL O. ARNOLD,

Counsel for Petitioner.